*OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE,*
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# BRAZILIAN RESPONDENTS' RESPONSE TO COMMENTS ON WHAT ACTION THE PRESIDENT SHOULD TAKE UNDER SECTION 203 OF THE TRADE ACT OF 1974 WITH REGARD TO IMPORTS OF CARBON AND ALLOY FLAT-ROLLED STEEL PRODUCTS

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## Table of Contents

## Table of Contents

**Page**

## INTRODUCTION AND EXECUTIVE SUMMARY

These comments are not intended to be a comprehensive discussion of the domestic industry's condition and the factors of import relief that must be considered by the President in determining appropriate action. That discussion was left to our January 4, 2002 comments, which we reaffirm here. Below, we address particular issues raised during the course of this comments process in response to comments made by other parties and the TPSC. In summary, we make the following points:

### Slab

- Though the Commission was apparently persuaded that tariffs are the preferred measure of import relief for many steel products, four Commissioners unambiguously selected a tariff rate quota ("TRQ") for slab. This deviation underscores the Commission's clear understanding that slab imports are distinct in terms of their impact on the industry and their beneficial role in U.S. industry operations and adjustment efforts.

- The lack of "parallelism" in the Commission's remedy recommendations should not be a point of concern for the President. First, the MFN principle that was really at the heart of recent WTO cases on the issue of parallelism is not offended by the Commission's remedy recommendations, which would apply equally to all countries. Second, even if there may exist a technical problem with applying different measures to the same "like" product, a WTO panel or the Appellate Body is unlikely to even reach that problem if it were to review this action. There are so many flaws related to the Commission's injury determination that the issue of parallelism would be left aside as a matter of judicial economy. Finally, U.S. law clearly grants the President exceptional flexibility in this action, and explicitly contemplates a combination of different import measures.

- Slab imports do not herald the end of steelmaking capacity in this country. The record plainly shows expanding steelmaking capacity over the last five years, driven primarily by minimill expansion -- expansion which continues to this day and will continue in the future. The integrated sector is undoubtedly shrinking, but is far from vanishing. There are still competitive and/or viable assets that have at least another 25 years of life left to them. Still other assets, however, are clear candidates for closure as part of a structural realignment in the industry that has been taking place for the past decade.

- The U.S. industry seeking import relief claims that national security is a key consideration for the President in this action. The recently completed Section 232 investigation of semifinished steel and iron ore imports performed by the Bureau of

Export Administration unequivocally determined that slab imports did not threaten the national security.

- A TRQ that protects legitimate slab demand, as recognized by the Commission, should be implemented. Properly structured, it would provide for a three year restraint, with an initial "in-quota" volume of 9 million tons, to be increased by 500,000 tons per year. No additional tariff should apply to the "in quota" volume. If a longer period is favored by the President, the initial relief should be for three years and one day, so that a mid-term review may be conducted before longer import relief is considered.

**Finished Flat Rolled Products**

- The Commission's tariff recommendation for finished flat rolled steel products is the worst possible policy option because it threatens a virtual lock out of steel imports and does not begin to contemplate the effect antidumping and countervailing duty orders are already having in this market.

- A TRQ is the superior policy choice for the President and promises to generate the same volume, pricing, and revenue effects desired by the domestic industry while minimizing the economic damage of tariffs and the risk of a virtual prohibition on steel imports. Indeed, the Commission's own COMPAS model reveals that a TRQ can accomplish the domestic industry's objectives in this regard.

- Based on the Commission's COMPAS model, a TRQ with an "in quota" volume of between 9-10 million tons (encompassing plate, hot rolled steel, cold rolled steel, and coated steel) and a 20 percent "out of quota" tariff is the more appropriate policy choice.

- Even though on its face the Commission issued a 3-3 injury determination on tin mill products, no import relief should apply to that product. A proper reading of the Commission's injury determinations can only lead to the conclusion that that no injury was found. Hence, import relief cannot apply. In particular, the record demonstrates that of four Commissioners who considered tin mill steel products a separate like product, three found no injury to the domestic industry. It would be wrong to mix injury determinations based on fundamentally different conceptions of the like product.

# I. SLAB

## A. If Any Import Relief Is Applied To Slab, The President Should Respect The Form Of The Commission's Recommended Remedy

### 1. Although A Majority Of The Commission Preferred Tariffs On Finished Flat Rolled Products, Four Commissioners Unambiguously Recommended A TRQ For Slab

When confronted with a record overwhelmingly showing the positive role of imported slab in the U.S. steel industry and the serious adverse impact of applying tariffs to slab imports, four commissioners felt compelled to recommend a TRQ. They reached this conclusion despite, according to some U.S. producers, a strong institutional preference for tariffs wherever possible.[1] If the Commission is so strong in its preference for tariffs, why else would four commissioners recommend a TRQ for slab? Simply put, while "preferred" might depict the ordinary case, slab imports represented an extraordinary case for a majority of the Commission. There was no mistake made by Chairman Koplan and Commissioners Okun, Miller and Hillman in issuing their recommendations. It is clear that all four believed that a straight tariff on slab would not fulfill the two fundamental pillars of the Section 201 statute and the WTO Safeguards Agreement: (1) that import relief serve as a component of *positive* adjustment to import competition; and (2) that import relief be no more restrictive than necessary to address serious injury.[2]

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1 *See Comments of Bethlehem Steel, LTV Steel Company, Inc., National Steel Corporation and United States Steel Corporation*, January 4, 2002 (hereafter "Dewey-Skadden Comments") at 7-8.

2 *See* 19 U.S.C. §2252(e) ("the Commission shall also recommend the action that would . . . be most effective in facilitating the efforts of the domestic industry to make a positive adjustment to import competition."); 19 U.S.C. §2253(e) ("Action . . . shall be taken . . . only to the extent necessary to prevent or remedy the serious injury."); and WTO Safeguards Agreement, Art. 5.1 ("A Member shall apply safeguards measures only to the extent necessary to prevent or remedy serious injury and to facilitate adjustment. . . .Members should choose measures most suitable for the achievement of these objectives.")

### 2. The Commission's Recommended TRQ Reflects Compelling Evidence That Imported Slab Is Integral To Existing Domestic Operations and Continued Industry Restructuring

In numerous filings, the Brazilian industry as well as others have presented comprehensive support for the proposition that slab imports play and will continue to play an important role in the industry, both to sustain mills that have predicated some or all of their operations on slab purchases, as well as to promote future adjustment and rationalization in the industry. There is little or no domestic slab available for accomplishing these goals. Indeed, the Commission acknowledged that "virtually all U.S.-produced slab is internally consumed by the domestic slab producers in their production of hot-rolled steel (sheet, strip, or plate)."[3] The lack of domestic merchant market slab was confirmed by the recently concluded Section 232 national security investigation of semifinished steel and iron ore.[4] Even a representative of LTV, now seeking to curtail slab imports, admitted just last year that he was not aware of any domestic slab supplies.[5]

While certain domestic producers lament the "virtual disappearance" of domestic slab shipments over the period of investigation (shipments actually moved up and down between 1996-2000), they fail to acknowledge that the industry shipped no more than 1.16% of their entire production to the merchant market in any given year during the entire POI.[6] In their peak

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3 *Steel*, Inv. No. TA-201-73, USITC Pub. 3479 (Dec. 2001) (hereinafter "Steel Opinion") at 39.

4 *See The Effect of Imports of Iron Ore and Semi-Finished Steel On The National Security*, Bureau of Export Administration (Oct. 2001) at 11 ("very little semi-finished steel is available on the U.S. merchant market.").

5 *See* Nancy Kelly, *Probe of Imports Might Backfire on Steel*, AMM (Jan. 23, 2001).

6 Steel Opinion at Flat-16. The drop off in domestic shipments in interim 2001 was met by a similar significant drop off in slab imports as steel demand slowed. *Id*. at Flat-8. While the drop off for slab imports on a percentage basis was not as significant as domestic shipments, direct comparisons are

production year of 2000, U.S. slab producers shipped to the merchant market no more than 0.6% of their entire production.[7] Meanwhile, the steel industry as a whole in 2000 produced and shipped its highest level of hot-rolled steel during the POI.[8] This undoubtedly included U.S. slab producers who are actually not in the business of selling slab at all, but are in the business of selling finished steel products. The general rule is that if a slab producer has downstream operations, it will seek to fill those operations before selling slab. Although the domestic industry seeking import restraints claims it is capable and more motivated to sell slab in a soft steel market[9], the facts do not support this assertion. One need only heed Oregon Steel's experience with Geneva Steel late last year:

> "After the injury phase hearings we sent a group from Oregon Steel Mills to Geneva to investigate the possibility, which this is the third time we've done that, of purchasing slabs from Geneva. Again, they cannot make the specifications, nor are they willing to. What they wanted to do was to sell us plate that we would then supply to our pipe mills for making pipe products. What they want to do is not supply slabs to us. What they want to do is to supply plate to our customers or to our downstream finishing facilities which in essence would cause us to shut down our rolling mill. That's what Geneva Steel wants."[10]

Given the extremely limited and fair-weathered nature of domestic slab supplies, U.S. steel mills simply cannot meet any of the goals of restructuring or otherwise ensure a more

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inappropriate given the fundamentally different nature of import sales, often made pursuant to quarterly contracts, and domestic sales, often made on a spot basis.

7 *Id*.

8 *Id*. at Flat-18.

9 "The domestic slab industry will sell slab to converters as there is simply no market pressure in the near term to move slab production downstream into flat-rolled products." Comments of the Minimill Coalition *et. al.* (Jan. 4, 2002) (hereinafter "Schagrin Comments") at 23.

10 ITC Hearing Transcript at 383 (emphasis added) (Remedy).

competitive industry without resorting to imported slab. While we contend that the quota amount under the Commission's recommended TRQ is still too low, it nonetheless demonstrates the Commission's view that imported slab is extremely important to industry restructuring and rationalization. As the Commission noted, slab imports allow certain U.S. mills to restructure "by closing obsolete slab-making capacity" and making "long term investments in capacity to produce further processed steel."[11] Likewise, the Commission acknowledged the prospect of "increased adjustment-related need for slab imports in the short-term, due to such factors as higher production of further processed carbon flat-rolled steel, and producers temporarily reducing slab-making capacity in order to shift to more modern slab-making equipment, or to upgrade or repair existing equipment as part of their adjustment efforts."[12] Immediate restraints on slab stand to penalize or even cripple restructuring and rationalization among steel producers who have made or would like to make some or all of their operations contingent upon slab purchases (*i.e.*, imported slab) rather than shut down entire facilities. Restraints would also inhibit upgrades at hot-end facilities which will require slab purchases to keep rolling operations full. As we will detail in Section I.D. below, this is not an inconsequential portion of the existing or future industry.

### 3. The Lack of "Parallelism" In The ITC's Steel Determination Should Not Concern The President

For its injury determination, the ITC found a *single* like product consisting of five categories of flat-rolled products -- slab, hot-rolled, plate, cold-rolled and coated -- and therefore lumped all of these products together when analyzing import penetration and whether

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11 Steel Opinion at 365.

12 *Id*.

the imports of these products were a substantial cause of serious injury. The ITC's majority remedy recommendation, however, proposed a different remedy for slab imports (TRQ) from the remedy proposed for the other flat-rolled products (increased tariffs) within the single like product defined by the ITC for the injury determination.

Some concern has been expressed that adopting the ITC's remedy recommendation would cause "WTO problems" given the Appellate Body's decision in *Wheat Gluten*. In that case, the Appellate Body upheld a WTO Panel's ruling that the United States had violated Articles 2.1 and 4.2 of the WTO Safeguards Agreement when it *excluded* Canada from the wheat gluten safeguard measure, after including imports from all sources (i.e., *including* imports from Canada) in its injury analysis. The concern is that the Appellate Body's *Wheat Gluten* decision could be interpreted as requiring that the imports examined during the safeguard investigation and the imports subject to the application of the measure must be identical.

Therefore, if the President were to adopt the ITC's proposed remedy recommendation -- quotas for slab, increased tariffs for finished flat-rolled -- there is concern that application of differentiated measures might be subject to attack in any case brought to the WTO.

We submit that the President can avoid this concern by adopting the remedy proposal suggested by the Brazilians; namely, tariff-rate quotas for both slab and finished flat-rolled products.[13] However, should the President desire to adopt a remedy for slab imports that

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[13] Not including tin mill products. As detailed in the our paper dated January 4th, there are compelling reasons why the President should conclude that the ITC rendered a negative injury determination for tin mill products.

is different from the remedy adopted for finished flat-products, it need not be concerned with the Appellate Body's *Wheat Gluten* decision. There are three strong reasons why:

*First*, it is far from certain that a WTO Panel (or the Appellate Body) would find that the *Wheat Gluten* decision applies to the steel case. The WTO Panel and Appellate Body in the *Wheat Gluten* case were clearly concerned with the a violation of the MFN principle set forth in Article 2.1 ("Safeguard measures shall be applied to a product being imported irrespective of its source.") There is no such concern in the steel case. The ITC's proposed remedy recommendations for slab and finished flat-rolled products would be applied to all sources of imports that were included in the ITC's injury analysis. Moreover, in *Wheat Gluten* certain imports that were included in the injury analysis were *completely excluded* from the final remedy measure. This is not the situation in the steel case. Under the ITC's remedy recommendation ALL imports that were found to be injurious would be subject to a remedy measure, albeit in different forms. It is far from certain that the ITC would find that the application of a remedy measure that has different forms for different types of products (but all applied on an MFN basis) violates the WTO Agreement on Safeguards; especially given the mandate of Article 5 that safeguard measures should be limited only to those necessary to remedy serious injury.

*Second*, it is very likely that in any case challenging the steel safeguard decision, the WTO Panel would not even bother to analyze whether the actual remedy measure applied by the United States violated the WTO Agreement on Safeguards. In several recent decisions the Appellate Body has upheld the decision of the Panel to refuse, based on principles of judicial economy, to consider claims challenging the application of a safeguard measure when the Panel had already found that the underlying injury determination was inconsistent with WTO

Agreement on Safeguards.[14] It is likely that any WTO challenge of the Section 201 steel case would find itself in precisely this procedural posture. There appears little doubt that the individual findings underlying the ITC's injury determination on flat-rolled products -- especially the like product, increased imports and causation findings -- will be found to be inconsistent with the analysis mandated by the WTO Agreement on Safeguards.

*Third*, under U.S. law, the President has an overriding obligation to ensure that any remedy be no more than is needed to redress the injury, and that any remedy facilitate efforts by the domestic industry to make a positive adjustment to import competition and provide greater economic and social benefits than costs. The statute, case law and legislative history unambiguously provide the President broad discretion in achieving these objectives. After receiving an affirmative report from the ITC, the statute mandates that the President consider what, if any, remedy should be taken.[15] Note, however, that Section 202(e)(2) of the Trade Act of 1974 instructs the President to take action "only to the extent the cumulative impact of such action does not exceed the amount necessary to prevent or remedy the serious injury."[16] In other words, in delegating its tariff authority to the President in this instance, Congress established the maximum level (or outer limit) of restraint that a safeguard measure may impose against imports. Moreover, to ensure that the remedy is both narrowly tailored to address the serious injury suffered by the domestic industry and that its costs do not outweigh its benefits, the statute also

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14 *See e.g., United States – Safeguard Measures On Imports Of Fresh, Chilled Or Frozen Lamb Meat New Zealand And Australia*, Report of the Appellate Body, WT/DS177-178/AB/R (May 1, 2001) at paras. 189-195; *United States – Definitive Safeguard Measures On Imports Of Wheat Gluten From The European Communities*, Report of the Appellate Body, WT/DS166/AB/R (Dec. 22, 2000) at paras. 177-186;

15 19 U.S.C. § 2253.

16 19. U.S.C. § 2253(e)(2).

sets forth a variety of factors to consider.[17] In interpreting the statute, the Courts have held that "Congress has vested the President with very broad discretion and choice as to what he decides to do affirmatively, or even whether he should do anything."[18] The Court further noted "the legislative history of the Trade Act of 1974 pertaining to section 201 actions is replete with reference to the 'flexibility' to be accorded the President . . . in making these import relief decisions."[19] Thus, under the law, the President has very broad discretion in shaping the appropriate remedy, or remedies, notwithstanding the like product definitions of the ITC. This is not merely a matter of court interpretation, but is embodied in the statute, which explicitly allows the President to combine different kinds of import relief measures.[20]

The President's legal discretion on remedy is demonstrated in previous Section 201 cases. For example, in Steel Wire Rod,[21] the President excluded eight categories of steel wire rod from a TRQ remedy.[22] Because there would be no benefit to domestic producers from subjecting these specialty products to the TRQ, and substantial harm to national consuming interests if they were so restricted, each was entirely excluded from the remedy.

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17 19. U.S.C. § 2253(a)(2). In addition, the statute instructs the President to do a cost-benefit analysis of any proposed remedy. 19 U.S.C. § 2253(a)(1)(A) ("{T}he President shall take all appropriate and feasible action within his power which . . . provide greater economic and social benefits than costs."); 19 U.S.C. § 2253(a)(2)(F) ("{T}he President shall take into account . . . the effect of the implementation of actions under this section on consumers and on competition in domestic markets for articles. . .").

18 Maple Leaf Fish Co. v. United States, 762 F.2d 86, 89 (Fed. Cir. 1985); Maple Leaf Fish Co. v. United States, 596 F. Supp. 1076, 1079 (Ct. Int'l Trade 1984), affirmed in Maple Leaf Fish Co. v. United States, 762 F.2d 86, 89 (Fed. Cir. 1985) (The statute "reveals Congress' intention that the President be granted expansive discretion in import relief decisions.").

19 Maple Leaf Fish Co., 596 F. Supp. at 1079 (citing S. Rep. No. 1298 93d Cong., 2d Sess. 121, 124, 125, 126, reprinted in 1974 U.S. Code Cong. & Ad. News 7265, 7268, 7269, 7270).

20 *See* 19 U.S.C. § 2253(a)(3)(J).

21 Proclamation No. 7273, 65 Fed. Reg. 8621 (Feb. 18, 2000).

22 *Id*. at 8624-25.

For the same reasons, the Commission did not make slab part of its broader remedy recommendation on finished flat rolled steel products because no benefit would be conferred to domestic producers. The evidence presented to the Commission showed that domestic producers would actually be hurt by the dramatic effect of a 20 percent tariff on slab, and adjustment efforts would be curtailed. To comply with the objectives of making import relief no more restrictive than necessary to remedy serious injury and to effect positive adjustment, the Commission chose a different path for slab. While that path was not a complete exclusion, as in Steel Wire Rod, it did result in a different recommended remedy. The President is well within his authority to heed this sound advice.

### B. Contrary To The Arguments Of Certain Domestic Steel Mills, Slab Imports Do Not Portend The Elimination Of Steelmaking Capacity In The United States

Those domestic producers seeking import restraints on slab claim that slab imports herald the destruction of all U.S. slab capacity.[23] These statements ignore the massive and continuing build up in EAF capacity over the POI and beyond. As we have repeatedly pointed out, ITC questionnaire data reflect the addition of 8.14 million tons of slab capacity by U.S. producers between 1996 and 2000 -- a 12% increase over the period,[24] driven primarily by EAF minimill expansion. Indeed, we believe as much as 2-4 million tons of existing and new EAF capacity was not even counted by the ITC,[25] while still even more EAF capacity was

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23 Dewey-Skadden Comments at 17-18; Schagrin Comments at 3-4.

24 Steel Opinion at Flat-16.

25 *See* Joint Respondents' Prehearing Injury Brief at 20-21. A number of US minimill respondents either did not submit any response to the ITC's slab questions at all, or claimed that they did not produce slab. The result was that the ITC's report simply missed between 2 and 4 million tons of domestic slab capacity added between 1996 and 2000.

planned to come on line by the second half of 2001 as new mills owned by Nucor and IPSCO continued to ramp up.[26] Indeed, Nucor Steel, after claiming it would never invest another dollar in steelmaking capacity in the current environment, is poised to add more capacity through the acquisition of Trico Steel's assets.[27] This represents another 1.8 million tons coming back online once Nucor makes needed repairs and modifications to Trico's equipment.[28]

The industry is witnessing a major realignment. Is it coming at the expense of *certain* integrated slab capacity? Yes. Is it coming at the expense of *all* integrated slab capacity? No. As we briefed in detail for the ITC and stated in our original comments to USTR and the TPSC, the economics of continuing slab production with small, outmoded blast furnaces work against those mills that operate such facilities.[29] This is true whether import relief is imposed on slab or not. While the blast furnace / basic oxygen furnace steelmaking process remains very cost effective provided modern controls are used and economies of scale are achieved

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26 The Nucor mill, in Hertford County, North Carolina, tapped its first heat in September 2000 and was not expected to meet its full 1.3 million tons of capacity until next year. *The Sheet Philosophy of Making Plate*, New Steel, Jun. 2001, located at http://www.newsteel.com/articles/2001/june/nsx106f4.htm. The Ipsco mill in Mobile, Alabama, tapped its first heat in January 2001 and probably will not meet its rated capacity of 1.25 million tons until the end of the year or first quarter 2002. *See Avoiding Startup Stumbles*, New Steel, Feb. 2001, located at http://www.newsteel.com/2001/nsx0102fl.htm, visited Aug. 24, 2001 and *Ipsco Chooses Alabama for Second U.S. Plate Mill*, New Steel, Feb. 1999, located at http://www.newsteel.com/news/new990201.htm, visited Sept. 7, 2001.

27 Frank Haflich, *Nucor is Planning to Acquire, Reopen Trico*, AMM (Nov. 21, 2000). In light of the acquisition, Nucor apparently misspoke when it informed the Bureau of Export Administration this April that it could no longer justify any further investment in slab production in the current economic environment. *See* Letter to Brad Botwin, Director, Strategic Analysis Division, BXA, from Daniel R. DiMicco, President and CEO of Nucor (Apr. 9, 2001).

28 We note that the closure of Trico Steel cannot be considered an example of import injury, and any effort by those domestic producers seeking import restraints to depict it as such is out of touch with reality. Trico Steel's operations are only a few years old and are in many respects state-of-the-art, yet no mill suffered through a more calamitous ramp up than Trico as a series of internal breakdowns caused by poor technology implementation and equipment installation crippled the mill's ability to make steel. *See, e.g.*, *Busse, Correnti Visit Trico*, New Steel (May 2001), for an inventory of Trico's production problems.

29 *See* Joint Respondents' Prehearing Brief on Injury at 31-38 and exhibits for a detailed discussion of this issue.

(particularly for grades of steel not capable of being produced by EAFs), small blast furnaces are clear candidates for closure. Thus, in 1998 before slab imports even "surged," it was stated by one of the industry's leading experts:

> "Good old blast furnaces never die, they just melt away. We do expect all incremental iron capacity in the future to be alternative iron types, making cold or liquid iron. We do expect the loss of older obsolete blast furnaces on an accelerated basis, as new sources of iron become available and as major relines / rebuilds come due. We also expect continuing efforts to get more tonnage out of the better blast furnaces, but this will not offset retirements."[30]

The above statement captures exactly what is underway in the industry. The integrated sector is undoubtedly shrinking, but is far from vanishing. There remain at least another 25 years of life left for modern blast furnaces of appropriate scale in the United States.[31] It is important, therefore, that the inescapable trend toward the retirement of obsolete blast furnaces not be attributed to slab imports.

Slab imports actually have a role in maintaining and even enhancing U.S. slab capacity. Slab imports allow integrated mills like AK Steel to operate more efficient baseline capacity and become the most profitable integrated mill. If AK Steel had been unable to adopt this approach it might have foregone its major investments in new state-of-the-art rolling capacity, allowed less-economic blast furnace capacity to linger, and ultimately fallen into the same dire financial straits as some of its domestic competitors. In addition, new slab capacity may often be contingent on access to slab imports. Gulf States Steel is the perfect example. We

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30 Remarks of Dr. Donald F. Barnett, Ph.D, at Steel Survival Strategies XIII, New York, NY (Jun. 23-24, 1998) (emphasis added).

31 *Id*.

have noted in earlier comments that investors would like to restart that mill by importing slab to generate cash from viable finishing operations while a new EAF is installed to replace a worn out blast furnace and basic oxygen furnace.[32] A similar plan was (and may still be) envisaged by Wheeling-Pittsburgh. Finally, any capacity increases at existing blast furnace / basic oxygen furnace facilities will likely be accomplished only by shutting down those facilities and importing slab while the upgrades are made.

### C. Slab Imports Do Not Threaten The National Security

Those domestic producers seeking import restraints point out that the national security interests of the United States must be considered in effecting any import relief. The parade of rhetoric heard throughout the ITC's investigation and again in submissions to USTR and the TPSC has been affirmatively answered by the Bureau of Export Administration with respect to slab. In its recently released Section 232 study regarding national security and semifinished steel imports, the Bureau concluded flatly that imports of slab did not threaten the national security of the United States. "Based on the information obtained during the course of this investigation, the Department is unable to conclude that imports of iron ore and semi-finished steel fundamentally threaten the capability of U.S. iron ore and semi-finished steel producers to satisfy national security requirements."[33] This conclusion was reached not merely by examining national defense requirements, but also by examining the requirements of critical

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32 Scott Robertson, *Bond Holders Close To Reviving Plate Mill*, American Metal Market (Oct. 10, 2001). The domestic industry seeking import restraints on slab would deny the revitalization of Gulf State Steel, though they are perfectly comfortable blocking slab imports in the name of Gulf State's demise.

33 *The Effect of Imports of Iron Ore and Semi-Finished Steel On The National Security*, Bureau of Export Administration (Oct. 2001) at 37.

support industries such as telecommunications, energy, banking and finance, transportation, water systems, and emergency services -- both government and private.[34]

### D. A Remedy On Slab Imports Must Accommodate Peak Demand And Restructuring

#### 1. The Quota Allotments Under The Commission's Recommended TRQ Must Be Increased Given The Market Realities Of Built-In Existing Demand And Expected Adjustment

We agree with the Commission's reasoning that some volume of slab imports must be allowed unfettered access to the U.S. market so as not to disrupt existing dependent steel operations or future restructuring and rationalization within the industry. We disagree, however, on the level of access. The 7 million tons of slab made available in the opening year of the Commission's recommended TRQ grossly understates existing and potential demand.

As the Commission stated, there are "domestic steel producers that have legitimate needs to continue to import slabs."[35] The Commission also found that there will be "increased adjustment-related need for slab imports in the short term."[36] It is inappropriate, however, for the Commission to try to predict the scope and timing of those needs and adjustment-driven demand. Quota levels under a TRQ must be pegged at peak potential demand so as not to hurt built-in demand or unwittingly dictate adjustment decisions. The Brazilian industry as well as domestic producers AK Steel, California Steel Industries, Duferco Farrell, and Oregon Steel demonstrated in earlier comments how publicly available information can be

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34 *Id*. at 15.

35 Steel Opinion at 365.

36 *Id*.

used to construct potential peak slab demand and why the Commission's quota allotments are at least two million tons below that demand:[37]

- The historical needs of AK Steel, California Steel, Duferco Farrell, Oregon Steel, Jindal-SAW and Lone Star Steel, all with operations already predicated on slab imports, is some 5.8 million tons of slab per year.[38] AK Steel, California Steel, Duferco Farrell, and Oregon Steel have stated they will need more slab in 2002 than in 2000.[39]

- Wheeling Pittsburgh will need 800,000 tons of slab as it transitions to EAF technology under its restructuring plan.[40]

- Heartland Steel will initially require some 500,000 to 750,000 tons of slab[41], to increase within a year to as much as 1.1 millions of slab as operations are ramped up.

- A plan by investors to revitalize the Gulf States Steel mill by installing an EAF may require as much as 1.1 million tons of slab in the interim.[42]

- Steel analysts predict an average of 4.2 million tons in relines will be required, on an annual basis, between 2002 and 2005, requiring roughly 699,000 tons of slab purchases each year.[43]

- The Commission acknowledges further unknown demand for slab resulting from as of yet unannounced restructuring.[44]

The Commission appears to distinguish "legitimate" slab import needs, but does little to elaborate on what might constitute an illegitimate need other than express a desire to

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37 *See* Brazilian Industry Comments (Jan. 4, 2002) at 6-7; Comments of AK Steel *et. al*. (Jan. 4, 2002) at 13-14.

38 Brazilian Industry Comments at 13.

39 Comments of AK Steel *et. al*. at 13.

40 Brazilian Industry Comments at 13.

41 *Id*.

42 *Id*.

43 Comments of AK Steel *et. al*. at Exhibit 10.

44 Steel Opinion at 365.

avoid "creating an additional incentive to increase slab imports."[45] If the Commission accepts a fundamental need to serve built-in existing demand for imported slab, as well as the prospect for increased demand driven by adjustment, none of the above known demand factors can be considered illegitimate. The Commission recognized that increased slab imports are an inherent component of ongoing restructuring and adjustment in the industry. The incentive to import is not the slab itself, but the benefits that flow from imported slab, such as the implementation of new raw steel production technologies and the phase-out of obsolete capacity. These are the kind of adjustment actions envisaged by Section 201.

### 2. The TRQ Should Be Limited To Three Years And Begin With A Base Quota Of 9 Million Tons

The Brazilian Industry reiterates its proposal that if any import restraints are imposed, it should be in the form recommended by the Commission, so long as legitimate domestic demand for slab is protected. Thus, the remedy should be a TRQ constructed as follows:

- The TRQ should last for three years, rather than the four years recommended by Chairman Koplan and Commissioners Hillman and Miller. If there is concern that longer relief is required, a three-year-and-one-day remedy could be used that would trigger a mid-term review under Section 204. This could provide an assessment of the need for longer relief before it is actually granted.

- The initial year of the TRQ should include a 9 million ton quota not affected by additional tariffs. The quota should be increased by 500,000 tons in each year thereafter.

- The TRQ should be allocated among traditional sources of supply to protect long-standing supply relationships and ensure access to high-quality slab. For Brazil, this means an allocation of roughly 39% of the

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45 *Id*.

> total quota volume based on the average of peak shipment years of 1999 and 2000 (excluding imports from Canada).

A TRQ fashioned as discussed above is the only effective means of protecting and promoting market-driven adjustment in the industry. More restrictive means will only distort and postpone adjustment and favor one segment of the industry over another.[46] Such a result is not the intent of Section 201.

## II. FINISHED FLAT ROLLED PRODUCTS

The Commission has recommended a substantial tariff on finished flat products, including plate, hot rolled steel, cold rolled steel and coated steel. While we submit that no remedy should apply to finished flat products, should a remedy be applied, a tariff is the most disruptive and harmful option. Other import measures can produce the same volume, pricing and revenue effects the domestic industry is seeking while minimizing the economic harm in the U.S. market and the prospect of a virtual lock-out of finished steel under the prohibitive tariffs the Commission has recommended. For tin mill products, Brazil reiterates that no import relief is justified even under the ITC decisions.

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[46] As discussed in our earlier comments, most greenfield minimills do not purchase slabs and will only stand to benefit from slab restrictions and the burden those restrictions will place on their domestic integrated competitors. Meanwhile, minimills import millions of tons of pig iron that is not the target of import restraints to meet their own raw material requirements. Pig iron and slab both originate from the blast furnaces the minimills so admirably want to protect. Of course, the minimills' reasons for sourcing pig iron overseas are the same reasons slab purchasers offer for why the source imported slab -- no domestic supply.

### A. A Properly Designed TRQ Provides The Same Volume, Price, And Revenue Effects As The ITC's 20 Percent Tariff While Minimizing Negative Effects

If the President feels he must offer the finished flat rolled product industry some form of import relief, the Commission's recommended tariff is the worst of all policy options.[47] In contrast, a properly designed TRQ is a superior remedy option for the President.

The Commission's COMPAS model indicates that a TRQ offers all of the benefits of the Commission's 20 percent tariff proposal, while not threatening to shutout imports. As a result, the TRQ remedy does a much better job of balancing the economic costs and benefits of trade relief, an important consideration at the heart of many of the factors the President must review before imposing a measure.[48]

Whether or not the domestic industry will admit it, the President must recognize that the 20 percent tariff proposal is an extremely risky remedy. No one – not the ITC Staff, not the TPSC -- knows for sure whether any imports will be able to enter the U.S. market when burdened with such prohibitive tariffs. In fact, anyone with long-term experience in the steel market who has witnessed the effects of 20 percent antidumping duties knows that import preclusion is not only a possibility, but the most likely outcome. Indeed, the proposed tariff remedy and the Commission's modeling to measure its effect do not even consider the fact that many finished flat rolled products are already restrained as a result of antidumping and countervailing duty orders.

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47 This discussion applies only to finished flat rolled steel products other than tin mill products, which the Brazilian industry contends were not the subject of an affirmative injury determination and hence should not be the subject of import relief. *See* section B below.

48 *See generally* 19 U.S.C. §2253(a)(2).

The fact is that steel imports generally sell at a 10 percent discount to domestic steel due to their long lead times.[49] But, given the excess inefficient capacity currently in the United States and given the prohibitive tariffs being proposed, it is difficult to imagine that such a "natural discount" could continue to exist. The Commission's COMPAS model predicts that the 20 percent tariff will result in imports overselling domestic prices by $75-$100 a ton. As a result, common sense suggests that most, if not all, steel imports will be precluded from the market.[50]

As we will show, a TRQ remedy offers all of the benefits of the tariff policy but does not risk excluding imports from the U.S. market. According to the domestic industry, the problem with imports is that they can surge, or can threaten to surge, which pushes down the price in the market.[51] From the Commission's perspective, the high 20 percent tariff eliminates the surge issue. However, the high tariff remedy does more than simply make import surges impossible, it makes imports impossible. A properly designed TRQ, on the other hand, does not shut down the import market. But, a TRQ does eliminate any possibility of a surge. In short, a TRQ has all of the upside benefits of the 20 percent tariff, but none of the downside risk.

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49 This natural discount compensates domestic buyers for the inflexibility and uncertainty in delivery times associated with foreign suppliers. Over the last 12-18 months, however, the intense intra-industry competition among domestic mills has eliminated the discount; in fact, in most flat-rolled product categories import prices now oversell domestic prices.

50 The Commission's COMPAS model is limited in its scope and is best designed to capture market dynamics in a world without substantial tariff distortions. As is the case in all partial equilibrium analyses, the real world market implications of a large deviation from free trade (such as the type being considered in this case) cannot be fully captured in the COMPAS model.

51 "The most daunting obstacle to recovery for Bethlehem and the rest of the industry is the severely depressed level of prices for flat-rolled steel products caused by the repeated surges of imports that have swamped the U.S. market over the last few years." Testimony of Steve Miler, Chairman and Chief executive of Bethlehem Steel Corporation, ITC Hearing Transcript at 112 (Remedy).

### 1. The COMPAS Model Indicates The 20 Percent Tariff Remedy Will Not Lead To Significant Price Recovery Unless There Are Other Supply and Demand Changes

Before reviewing the COMPAS model analysis of the TRQ, it is important to remind the TPSC what the COMPAS model indicates about the likely impact of the ITC's recommended 20 percent tariff remedy. If there are no changes in either the supply-side (i.e., capacity reduction) or demand-side, the COMPAS model indicates that a 20 percent tariff on imports will raise domestic prices by about 1 percent. Because the 20 percent tariff significantly reduces imports there is an increase in domestic shipments, but only an increase in revenue of less than 4 percent.[52]

This limited revenue increase comes at significant cost. Consumers are harmed for two reasons. First, the increase in domestic shipments does not fully offset the decline in import supply. In fact, the model predicts that domestic mills will only ship about half as much as the fall in imports. Thus, even in a market with excess supply consumers will find that domestic steel mills will not provide all the product they would like to buy. In other words, a prohibitive tariff on imports makes domestic mills less responsive to the needs of their customers. Second, consumers will be forced to pay significantly higher prices on the imports that they choose to purchase. Taken together, the COMPAS model indicates that the cost on consumers is about twice the benefit to the domestic steel industry.

As an added consideration, the President must remember that increases in revenue and shipments do not mean increased profits. If prices do not rise, the efficient domestic

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[52] The COMPAS model predicts flat-rolled imports (plate+hot-rolled+cold-rolled+coated) will fall to about 7.5 million tons. Over the 1998-2000 period, flat-rolled imports averaged about 14.1 million tons.

producers will indeed ship higher volumes; however, more volume will not miraculously transform struggling domestic producers into profitable companies. These inefficient enterprises will continue to struggle and continue to weigh down the market to the detriment of other, more competitive producers.

Simply put, the COMPAS model confirms what foreign respondents argued before the Commission: unless other factors change in the marketplace, a simple high tariff policy will not lead to any meaningful recovery and stability in the domestic steel market.

### 2. The COMPAS Model Indicates A TRQ Will Provide All of the Benefits of the Tariff Remedy, With No Risk of Prohibiting Imports

The TRQ most directly comparable with the ITC's 20 percent tariff is the one we analyze in the tables below: a zero percent tariff for sales "in quota" and a 20 percent "out of quota" tariff. The simulation results presented vary the quota volume from 7.25 million tons to 12.75 million tons. The low-quota volume is somewhat smaller than the import volume predicted by COMPAS with a 20 percent tariff. The high-quota volume corresponds to flat-rolled import volumes in 2001.

In the tables below, we compared the predicted impact of the TRQ with the predicted impact of a 20 percent tariff.[53] Thus, if the TRQ has exactly the same predicted impact on domestic volume, prices, and revenue as the 20 percent tariff, the chart below reads "100%"; if the TRQ delivers 95% of the impact of the 20 percent tariff, the table reads "95%". In the table we highlight in **boldface** font the largest quota volume (and hence the least costly to consumers) that generates 100% of the impact of the ITC's 20 percent tariff remedy.

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[53] Complete results are reported in the attached exhibit.

For instance, suppose that the only change in the market is that domestic demand increases by 15 percent.[54] The results of the TRQ with the "in quota" volume of 8.75 million tons has exactly the same impact on prices and revenue as a 20 percent tariff remedy. Suppose in addition to the 15 percent increase in demand, domestic capacity is reduced by 10 percent (a figure considerably less than what the United States offered at the OECD meetings) the TRQ with the "in quota" volume of 9.25 million tons delivers exactly the same price, quantity and revenue impact as the 20 percent tariff remedy.

[54] For perspective, a 15 percent increase in steel demand would restore steel demand back to its level of July-2000.

## Impact of TRQ[55] Relative to a 20 Percent Tariff

| **Domestic Price** | **7.75m** | **8.25m** | **8.75m** | **9.25m** | **9.75m** | **10.25m** | **10.75m** | **11.25m** | **11.75m** | **12.25m** | **12.75m** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 10% capacity reduction & no demand change | **100%** | 98% | 95% | 92% | 90% | 87% | 84% | 82% | 79% | 76% | 74% |
| No capacity reduction & 15% increase demand | 100% | 100% | **100%** | 99% | 97% | 95% | 93% | 92% | 90% | 88% | 86% |
| No capacity reduction & 25% increase demand | 100% | 100% | 100% | 100% | **100%** | 99% | 98% | 97% | 96% | 95% | 94% |
| 10% capacity reduction & 15% increase demand | 100% | 100% | 100% | **100%** | 99% | 98% | 97% | 96% | 94% | 93% | 92% |
| 10% capacity reduction & 25% increase demand | 100% | 100% | 100% | 100% | 100% | **100%** | 99% | 99% | 98% | 97% | 96% |

| **Domestic Quantity** | **7.75m** | **8.25m** | **8.75m** | **9.25m** | **9.75m** | **10.25m** | **10.75m** | **11.25m** | **11.75m** | **12.25m** | **12.75m** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 10% capacity reduction & no demand change | **100%** | 87% | 70% | 53% | 36% | 19% | 3% | -14% | -30% | -46% | -61% |
| No capacity reduction & 15% increase demand | 100% | 100% | **100%** | 99% | 97% | 95% | 93% | 91% | 89% | 87% | 85% |
| No capacity reduction & 25% increase demand | 100% | 100% | 100% | 100% | **100%** | 99% | 98% | 97% | 96% | 94% | 93% |
| 10% capacity reduction & 15% increase demand | 100% | 100% | 100% | **100%** | 98% | 96% | 94% | 92% | 90% | 88% | 86% |
| 10% capacity reduction & 25% increase demand | 100% | 100% | 100% | 100% | 100% | **100%** | 99% | 98% | 96% | 95% | 94% |

| **Domestic Revenue** | **7.75m** | **8.25m** | **8.75m** | **9.25m** | **9.75m** | **10.25m** | **10.75m** | **11.25m** | **11.75m** | **12.25m** | **12.75m** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 10% capacity reduction & no demand change | **100%** | 93% | 84% | 75% | 66% | 57% | 48% | 39% | 31% | 22% | 14% |
| No capacity reduction & 15% increase demand | 100% | 100% | **100%** | 99% | 97% | 95% | 93% | 91% | 89% | 87% | 85% |
| No capacity reduction & 25% increase demand | 100% | 100% | 100% | 100% | **100%** | 99% | 98% | 97% | 95% | 94% | 93% |
| 10% capacity reduction & 15% increase demand | 100% | 100% | 100% | **100%** | 99% | 97% | 95% | 93% | 91% | 89% | 87% |
| 10% capacity reduction & 25% increase demand | 100% | 100% | 100% | 100% | 100% | **100%** | 99% | 98% | 97% | 95% | 94% |

[55] With no additional tariff in the "in quota" volume and a 20 percent tariff in the "out-of-quota" volume.

Looking across all the supply and demand scenarios, the COMPAS model indicates that a TRQ with a "in quota" volume in the 9-10 million ton range, with no additional tariff applied on the "in quota" volume and a 20 percent "out-of-quota" tariff, would be an appropriate policy for imports of plate, hot rolled, cold rolled and coated products.[56] Such a TRQ will deliver 100% of the benefit of the tariff policy but will do so with less harm to consumers and no risk of excessively restricting imports.[57] Indeed, the effects of a TRQ at this level are likely significantly understated given the fact that the effect of existing antidumping and countervailing duty orders are not taken into account.

### B. The Commission's Injury Determination Must Be Read To Preclude The Imposition of Import Relief On Tin Mill Products

The Brazilian industry reiterates that a proper reading of the Commission's injury determination on tin mill products reveals that a majority of the Commissioners found that imports of tin mill steel products were **not** a substantial cause of serious injury to the domestic tin mill steel industry. As a result, no import relief should be imposed on tin mill products.

The Brazilian industry again notes that four commissioners determined it was necessary to analyze imports of tin mill steel products separately from imports of other flat-rolled products. That is, four Commissioners analyzed whether imports of tin mill steel products *by themselves* were a substantial cause of serious injury to domestic production of tin mill steel

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56 It is understood that this initial TRQ must be progressively and meaningfully liberalized pursuant to U.S. law and U.S. international obligations.

57 We must underscore that the COMPAS model cannot capture the downside risk inherent in the 20 percent tariff remedy – the risk of the exclusion of virtually all imports. To say that the TRQ and tariff policy are equivalent means that they are equivalent under the most favorable view of the tariff remedy. It is far more likely that the tariff will be far more destructive to imports and consumers – with little tangible benefit to domestic producers – than the COMPAS model predicts. The inability of the COMPAS model to capture that the prohibition on imports a 20 percent tariff remedy is likely to effect is a serious limitation. In practical terms, this means that the COMPAS model artificially, and wrongly, favors tariffs.

alone. Accordingly, the official determination of the ITC was that tin mill steel products should be analyzed separately for the injury determination. Of the four commissioners that analyzed tin mill products separately, three rendered a negative determination. That is, three of these four commissioners ruled that the evidence did *not* support a finding that imports of tin mill steel products were a substantial cause of serious injury to the domestic industry. Thus, a clear majority of the Commission ruled that tin mill steel imports should be analyzed alone, and of the Commissioners undertaking this analysis, the vote was 3-1 for a negative determination. Accordingly, it is entirely appropriate for the President to accept a negative determination as the official determination of the International Trade Commission for tin mill products. Acceptance of such negative determination, of course, would remove the legal predicate for imposing import restraints. These arguments are spelled out in detail in the Brazilian industry's January 4, 2002 comments.[58]

Respectfully Submitted,

/s/

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[58] *See* Brazilian Industry Comments, Jan. 4, 2002 at 17-19.

**EXHIBIT**

**FULL COMPAS RESULTS OF TRQ VERSUS 20 PERCENT TARIFF**

## COMPAS Estimates for TRQ(0,20%)

The Commission's COMPAS model was used to estimate the impact of a TRQ on flat-rolled products. In performing our analysis we used the midpoint of the elasticities provided in the ITC Public Staff Report: Substitution=4, Demand=-0.4, Domestic Supply=4.5, Subject Imports Supply=15, Canada Supply=3.

We performed our analysis on the four major flat products covered by the ITC's 20% tariff recommendation: cut-to-length plate, hot-rolled steel, cold-rolled steel, and coated steel. In year 2000, subject countries shipped approximately 12.2m short tons.

In the following tables we perform COMPAS analysis under the following supply-side and demand-side changes:

- **Supply-side** – domestic capacity reduction of 10%; this in a conservative estimate of the amount of domestic capacity reduction that is needed; the US's proposal to the OECD offered a greater reduction in capacity

- **Demand-side** – we consider two demand-side scenarios:

    - We consider a 15% growth in demand; a 15% growth in demand would return flat-steel demand to its level in July-2000

    - We also consider a 25% growth in demand; this growth is a realistic projection of the steel market over the next 2-3 years; for instance, CRU International projects 6-10% annual growth in steel demand over the next three years

Table 1
USTIC COMPAS ANALYSIS
A TRQ (0,20%) Remedy Provides As Much Benefit to Domestic Producers Without Precluding Imports

| | Supply-Side and Demand-Side Changes | Domestic Price | Domestic Quantities | Domestic Revenue | Consumer Cost Relative to Producer Benefit |
|---|---|---|---|---|---|
| **20% tariff** | | | | | |
| | No capacity change and no demand change (ITC benchmark) | 0.7% | 3.1% | 3.9% | -2.62 |
| | 10% capacity reduction & no demand change (supply-side change only) | 2.6% | 2.0% | 4.6% | -1.46 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 3.5% | 16.6% | 20.6% | -1.37 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 5.1% | 25.2% | 31.7% | -1.27 |
| | 10% capacity reduction & 15% increase demand | 5.1% | 15.3% | 21.2% | -1.26 |
| | 10% capacity reduction & 25% increase demand | 6.7% | 23.9% | 32.2% | -1.22 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **7,750,000** | No capacity change and no demand change | 0.7% | 3.0% | 3.6% | -2.62 |
| | 10% capacity reduction & no demand change (supply-side change only) | 2.6% | 2.0% | 4.6% | -1.46 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 3.5% | 16.6% | 20.6% | -1.37 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 5.1% | 25.2% | 31.7% | -1.27 |
| | 10% capacity reduction & 15% increase demand | 5.1% | 15.3% | 21.2% | -1.26 |
| | 10% capacity reduction & 25% increase demand | 6.7% | 23.9% | 32.2% | -1.22 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **8,250,000** | No capacity change and no demand change | 0.6% | 2.6% | 3.2% | -2.61 |
| | 10% capacity reduction & no demand change (supply-side change only) | 2.5% | 1.7% | 4.3% | -1.44 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 3.5% | 16.6% | 20.6% | -1.37 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 5.1% | 25.2% | 31.7% | -1.27 |
| | 10% capacity reduction & 15% increase demand | 5.1% | 15.3% | 21.2% | -1.26 |
| | 10% capacity reduction & 25% increase demand | 6.7% | 23.9% | 32.2% | -1.22 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **8,750,000** | No capacity change and no demand change | 0.5% | 2.3% | 2.8% | -2.61 |
| | 10% capacity reduction & no demand change (supply-side change only) | 2.4% | 1.4% | 3.9% | -1.40 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 3.5% | 16.6% | 20.6% | -1.37 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 5.1% | 25.2% | 31.7% | -1.27 |
| | 10% capacity reduction & 15% increase demand | 5.1% | 15.3% | 21.2% | -1.26 |
| | 10% capacity reduction & 25% increase demand | 6.7% | 23.9% | 32.2% | -1.22 |

Table 1
USTIC COMPAS ANALYSIS
A TRQ (0,20%) Remedy Provides As Much Benefit to Domestic Producers Without Precluding Imports

| | Supply-Side and Demand-Side Changes | Domestic Price | Domestic Quantities | Domestic Revenue | Consumer Cost Relative to Producer Benefit |
|---|---|---|---|---|---|
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **9,250,000** | No capacity change and no demand change | 0.4% | 1.9% | 2.4% | -2.61 |
| | 10% capacity reduction & no demand change (supply-side change only) | 2.4% | 1.1% | 3.4% | -1.36 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 3.4% | 16.4% | 20.4% | -1.36 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 5.1% | 25.2% | 31.7% | -1.27 |
| | 10% capacity reduction & 15% increase demand | 5.1% | 15.3% | 21.2% | -1.26 |
| | 10% capacity reduction & 25% increase demand | 6.7% | 23.9% | 32.2% | -1.22 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **9,750,000** | No capacity change and no demand change | 0.4% | 1.6% | 1.9% | -2.61 |
| | 10% capacity reduction & no demand change (supply-side change only) | 2.3% | 0.7% | 3.0% | -1.32 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 3.4% | 16.1% | 20.0% | -1.33 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 5.1% | 25.2% | 31.7% | -1.27 |
| | 10% capacity reduction & 15% increase demand | 5.1% | 15.1% | 20.9% | -1.25 |
| | 10% capacity reduction & 25% increase demand | 6.7% | 23.9% | 32.2% | -1.22 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **10,250,000** | No capacity change and no demand change | 0.3% | 1.3% | 1.5% | -2.61 |
| | 10% capacity reduction & no demand change (supply-side change only) | 2.2% | 0.4% | 2.6% | -1.28 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 3.3% | 15.8% | 19.6% | -1.31 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 5.1% | 25.1% | 31.5% | -1.26 |
| | 10% capacity reduction & 15% increase demand | 5.0% | 14.7% | 20.5% | -1.23 |
| | 10% capacity reduction & 25% increase demand | 6.7% | 23.9% | 32.2% | -1.22 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **10,750,000** | No capacity change and no demand change | 0.2% | 0.9% | 1.1% | -2.61 |
| | 10% capacity reduction & no demand change (supply-side change only) | 2.2% | 0.1% | 2.2% | -1.24 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 3.2% | 15.4% | 19.2% | -1.28 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 5.0% | 24.8% | 31.1% | -1.25 |
| | 10% capacity reduction & 15% increase demand | 5.0% | 14.4% | 20.1% | -1.22 |
| | 10% capacity reduction & 25% increase demand | 6.7% | 23.7% | 31.9% | -1.21 |

Table 1
USTIC COMPAS ANALYSIS
A TRQ (0,20%) Remedy Provides As Much Benefit to Domestic Producers Without Precluding Imports

| | Supply-Side and Demand-Side Changes | Domestic Price | Domestic Quantities | Domestic Revenue | Consumer Cost Relative to Producer Benefit |
|---|---|---|---|---|---|
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **11,250,000** | No capacity change and no demand change | 0.1% | 0.6% | 0.7% | -2.61 |
| | 10% capacity reduction & no demand change (supply-side change only) | 2.1% | -0.3% | 1.8% | -1.19 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 3.2% | 15.1% | 18.8% | -1.26 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 5.0% | 24.4% | 30.6% | -1.23 |
| | 10% capacity reduction & 15% increase demand | 4.9% | 14.1% | 19.7% | -1.20 |
| | 10% capacity reduction & 25% increase demand | 6.6% | 23.4% | 31.5% | -1.20 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **11,750,000** | No capacity change and no demand change | 0.1% | 0.3% | 0.3% | -2.62 |
| | 10% capacity reduction & no demand change (supply-side change only) | 2.0% | -0.6% | 1.4% | -1.14 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 3.1% | 14.8% | 18.4% | -1.23 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 4.9% | 24.1% | 30.2% | -1.22 |
| | 10% capacity reduction & 15% increase demand | 4.9% | 13.8% | 19.3% | -1.18 |
| | 10% capacity reduction & 25% increase demand | 6.5% | 23.0% | 31.1% | -1.18 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **12,250,000** | No capacity change and no demand change | 0.0% | 0.0% | 0.0% | 0.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 2.0% | -0.9% | 1.0% | -1.09 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 3.1% | 14.5% | 18.0% | -1.21 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 4.9% | 23.8% | 29.8% | -1.20 |
| | 10% capacity reduction & 15% increase demand | 4.8% | 13.5% | 18.9% | -1.16 |
| | 10% capacity reduction & 25% increase demand | 6.5% | 22.7% | 30.7% | -1.17 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **12,750,000** | No capacity change and no demand change | 0.0% | 0.0% | 0.0% | 0.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 1.9% | -1.2% | 0.6% | -1.03 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 3.0% | 14.2% | 17.6% | -1.18 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 4.8% | 23.5% | 29.4% | -1.18 |
| | 10% capacity reduction & 15% increase demand | 4.7% | 13.1% | 18.5% | -1.15 |
| | 10% capacity reduction & 25% increase demand | 6.4% | 22.4% | 30.3% | -1.16 |

Table 2
USTIC COMPAS ANALYSIS
A TRQ (0,20%) Remedy Provides As Much Benefit to Domestic Producers Without Precluding Imports
Normalized Comparison (ITC Benchmark normalized to 1; all other policies measured relative to ITC 20% tariff remedy)

| | Supply-Side and Demand-Side Changes | Domestic Price | Domestic Quantities | Domestic Revenue | Consumer Cost Relative to Producer Benefit |
|---|---|---|---|---|---|
| **20% tariff** | | | | | |
| | No capacity change and no demand change (ITC benchmark) | 1.00 | 1.00 | 1.00 | 1.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 3.70 | 0.64 | 1.20 | 0.56 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 5.03 | 5.28 | 5.35 | 0.52 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 7.43 | 8.03 | 8.22 | 0.48 |
| | 10% capacity reduction & 15% increase demand | 7.45 | 4.87 | 5.51 | 0.48 |
| | 10% capacity reduction & 25% increase demand | 9.71 | 7.60 | 8.35 | 0.46 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **7,750,000** | No capacity change and no demand change | 0.95 | 0.94 | 0.94 | 1.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 3.70 | 0.64 | 1.20 | 0.56 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 5.03 | 5.28 | 5.35 | 0.52 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 7.43 | 8.03 | 8.22 | 0.48 |
| | 10% capacity reduction & 15% increase demand | 7.45 | 4.87 | 5.51 | 0.48 |
| | 10% capacity reduction & 25% increase demand | 9.71 | 7.60 | 8.35 | 0.46 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **8,250,000** | No capacity change and no demand change | 0.83 | 0.83 | 0.83 | 1.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 3.62 | 0.56 | 1.11 | 0.55 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 5.03 | 5.28 | 5.35 | 0.52 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 7.43 | 8.03 | 8.22 | 0.48 |
| | 10% capacity reduction & 15% increase demand | 7.45 | 4.87 | 5.51 | 0.48 |
| | 10% capacity reduction & 25% increase demand | 9.71 | 7.60 | 8.35 | 0.46 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **8,750,000** | No capacity change and no demand change | 0.72 | 0.72 | 0.72 | 1.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 3.52 | 0.44 | 1.00 | 0.53 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 5.03 | 5.28 | 5.35 | 0.52 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 7.43 | 8.03 | 8.22 | 0.48 |
| | 10% capacity reduction & 15% increase demand | 7.45 | 4.87 | 5.51 | 0.48 |
| | 10% capacity reduction & 25% increase demand | 9.71 | 7.60 | 8.35 | 0.46 |

Table 2
USTIC COMPAS ANALYSIS
A TRQ (0,20%) Remedy Provides As Much Benefit to Domestic Producers Without Precluding Imports
Normalized Comparison (ITC Benchmark normalized to 1; all other policies measured relative to ITC 20% tariff remedy)

| | Supply-Side and Demand-Side Changes | Domestic Price | Domestic Quantities | Domestic Revenue | Consumer Cost Relative to Producer Benefit |
|---|---|---|---|---|---|
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **9,250,000** | No capacity change and no demand change | 0.62 | 0.61 | 0.61 | 1.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 3.42 | 0.34 | 0.89 | 0.52 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 4.98 | 5.23 | 5.30 | 0.52 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 7.43 | 8.03 | 8.22 | 0.48 |
| | 10% capacity reduction & 15% increase demand | 7.45 | 4.87 | 5.51 | 0.48 |
| | 10% capacity reduction & 25% increase demand | 9.71 | 7.60 | 8.35 | 0.46 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **9,750,000** | No capacity change and no demand change | 0.51 | 0.51 | 0.50 | 1.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 3.32 | 0.23 | 0.78 | 0.50 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 4.89 | 5.12 | 5.19 | 0.51 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 7.43 | 8.03 | 8.22 | 0.48 |
| | 10% capacity reduction & 15% increase demand | 7.39 | 4.80 | 5.43 | 0.48 |
| | 10% capacity reduction & 25% increase demand | 9.71 | 7.60 | 8.35 | 0.46 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **10,250,000** | No capacity change and no demand change | 0.40 | 0.40 | 0.40 | 1.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 3.22 | 0.12 | 0.68 | 0.49 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 4.79 | 5.02 | 5.08 | 0.50 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 7.39 | 7.99 | 8.17 | 0.48 |
| | 10% capacity reduction & 15% increase demand | 7.30 | 4.69 | 5.33 | 0.47 |
| | 10% capacity reduction & 25% increase demand | 9.71 | 7.60 | 8.35 | 0.46 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **10,750,000** | No capacity change and no demand change | 0.30 | 0.30 | 0.29 | 1.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 3.12 | 0.02 | 0.57 | 0.47 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 4.70 | 4.91 | 4.98 | 0.49 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 7.31 | 7.88 | 8.06 | 0.48 |
| | 10% capacity reduction & 15% increase demand | 7.21 | 4.59 | 5.22 | 0.46 |
| | 10% capacity reduction & 25% increase demand | 9.66 | 7.54 | 8.28 | 0.46 |

Table 2
USTIC COMPAS ANALYSIS
A TRQ (0,20%) Remedy Provides As Much Benefit to Domestic Producers Without Precluding Imports
Normalized Comparison (ITC Benchmark normalized to 1; all other policies measured relative to ITC 20% tariff remedy)

| | Supply-Side and Demand-Side Changes | Domestic Price | Domestic Quantities | Domestic Revenue | Consumer Cost Relative to Producer Benefit |
|---|---|---|---|---|---|
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **11,250,000** | No capacity change and no demand change | 0.19 | 0.19 | 0.19 | 1.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 3.02 | -0.09 | 0.47 | 0.45 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 4.60 | 4.81 | 4.87 | 0.48 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 7.22 | 7.78 | 7.95 | 0.47 |
| | 10% capacity reduction & 15% increase demand | 7.12 | 4.48 | 5.11 | 0.46 |
| | 10% capacity reduction & 25% increase demand | 9.57 | 7.43 | 8.17 | 0.46 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **11,750,000** | No capacity change and no demand change | 0.09 | 0.09 | 0.09 | 1.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 2.92 | -0.19 | 0.37 | 0.44 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 4.51 | 4.71 | 4.77 | 0.47 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 7.13 | 7.68 | 7.85 | 0.46 |
| | 10% capacity reduction & 15% increase demand | 7.04 | 4.38 | 5.01 | 0.45 |
| | 10% capacity reduction & 25% increase demand | 9.49 | 7.33 | 8.07 | 0.45 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **12,250,000** | No capacity change and no demand change | 0.00 | 0.00 | 0.00 | 0.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 2.83 | -0.29 | 0.26 | 0.42 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 4.42 | 4.61 | 4.66 | 0.46 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 7.05 | 7.58 | 7.74 | 0.46 |
| | 10% capacity reduction & 15% increase demand | 6.95 | 4.28 | 4.90 | 0.44 |
| | 10% capacity reduction & 25% increase demand | 9.41 | 7.23 | 7.96 | 0.45 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **12,750,000** | No capacity change and no demand change | 0.00 | 0.00 | 0.00 | 0.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 2.73 | -0.39 | 0.17 | 0.39 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 4.33 | 4.51 | 4.56 | 0.45 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 6.96 | 7.48 | 7.64 | 0.45 |
| | 10% capacity reduction & 15% increase demand | 6.86 | 4.18 | 4.80 | 0.44 |
| | 10% capacity reduction & 25% increase demand | 9.33 | 7.13 | 7.86 | 0.44 |

Table 3
USTIC COMPAS ANALYSIS
A TRQ (0,20%) Remedy Provides As Much Benefit to Domestic Producers Without Precluding Imports

Normalized Comparison (ITC 20% remedy normalized to 1; all other policies reflect relative benefit --- holding supply- and demand-side changes constant)

| | Supply-Side and Demand-Side Changes | Domestic Price | Domestic Quantities | Domestic Revenue | Consumer Cost Relative to Producer Benefit |
|---|---|---|---|---|---|
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **7,750,000** | No capacity change and no demand change | 0.95 | 0.94 | 0.94 | 1.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 1.00 | 1.00 | 1.00 | 1.00 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 1.00 | 1.00 | 1.00 | 1.00 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 1.00 | 1.00 | 1.00 | 1.00 |
| | 10% capacity reduction & 15% increase demand | 1.00 | 1.00 | 1.00 | 1.00 |
| | 10% capacity reduction & 25% increase demand | 1.00 | 1.00 | 1.00 | 1.00 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **8,250,000** | No capacity change and no demand change | 0.83 | 0.83 | 0.83 | 1.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 0.98 | 0.87 | 0.93 | 0.98 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 1.00 | 1.00 | 1.00 | 1.00 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 1.00 | 1.00 | 1.00 | 1.00 |
| | 10% capacity reduction & 15% increase demand | 1.00 | 1.00 | 1.00 | 1.00 |
| | 10% capacity reduction & 25% increase demand | 1.00 | 1.00 | 1.00 | 1.00 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **8,750,000** | No capacity change and no demand change | 0.72 | 0.72 | 0.72 | 1.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 0.95 | 0.70 | 0.84 | 0.96 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 1.00 | 1.00 | 1.00 | 1.00 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 1.00 | 1.00 | 1.00 | 1.00 |
| | 10% capacity reduction & 15% increase demand | 1.00 | 1.00 | 1.00 | 1.00 |
| | 10% capacity reduction & 25% increase demand | 1.00 | 1.00 | 1.00 | 1.00 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **9,250,000** | No capacity change and no demand change | 0.62 | 0.61 | 0.61 | 1.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 0.92 | 0.53 | 0.75 | 0.93 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 0.99 | 0.99 | 0.99 | 0.99 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 1.00 | 1.00 | 1.00 | 1.00 |
| | 10% capacity reduction & 15% increase demand | 1.00 | 1.00 | 1.00 | 1.00 |
| | 10% capacity reduction & 25% increase demand | 1.00 | 1.00 | 1.00 | 1.00 |

Table 3
USTIC COMPAS ANALYSIS
A TRQ (0,20%) Remedy Provides As Much Benefit to Domestic Producers Without Precluding Imports

Normalized Comparison (ITC 20% remedy normalized to 1; all other policies reflect relative benefit --- holding supply- and demand-side changes constant)

| | Supply-Side and Demand-Side Changes | Domestic Price | Domestic Quantities | Domestic Revenue | Consumer Cost Relative to Producer Benefit |
|---|---|---|---|---|---|
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **9,750,000** | No capacity change and no demand change | 0.51 | 0.51 | 0.50 | 1.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 0.90 | 0.36 | 0.66 | 0.90 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 0.97 | 0.97 | 0.97 | 0.97 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 1.00 | 1.00 | 1.00 | 1.00 |
| | 10% capacity reduction & 15% increase demand | 0.99 | 0.98 | 0.99 | 0.99 |
| | 10% capacity reduction & 25% increase demand | 1.00 | 1.00 | 1.00 | 1.00 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **10,250,000** | No capacity change and no demand change | 0.40 | 0.40 | 0.40 | 1.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 0.87 | 0.19 | 0.57 | 0.87 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 0.95 | 0.95 | 0.95 | 0.96 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 0.99 | 0.99 | 0.99 | 0.99 |
| | 10% capacity reduction & 15% increase demand | 0.98 | 0.96 | 0.97 | 0.98 |
| | 10% capacity reduction & 25% increase demand | 1.00 | 1.00 | 1.00 | 1.00 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **10,750,000** | No capacity change and no demand change | 0.30 | 0.30 | 0.29 | 1.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 0.84 | 0.03 | 0.48 | 0.84 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 0.93 | 0.93 | 0.93 | 0.94 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 0.98 | 0.98 | 0.98 | 0.98 |
| | 10% capacity reduction & 15% increase demand | 0.97 | 0.94 | 0.95 | 0.96 |
| | 10% capacity reduction & 25% increase demand | 0.99 | 0.99 | 0.99 | 0.99 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **11,250,000** | No capacity change and no demand change | 0.19 | 0.19 | 0.19 | 1.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 0.82 | -0.14 | 0.39 | 0.81 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 0.92 | 0.91 | 0.91 | 0.92 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 0.97 | 0.97 | 0.97 | 0.97 |
| | 10% capacity reduction & 15% increase demand | 0.96 | 0.92 | 0.93 | 0.95 |
| | 10% capacity reduction & 25% increase demand | 0.99 | 0.98 | 0.98 | 0.98 |

Table 3
USTIC COMPAS ANALYSIS
A TRQ (0,20%) Remedy Provides As Much Benefit to Domestic Producers Without Precluding Imports

Normalized Comparison (ITC 20% remedy normalized to 1; all other policies reflect relative benefit --- holding supply- and demand-side changes constant)

| | Supply-Side and Demand-Side Changes | Domestic Price | Domestic Quantities | Domestic Revenue | Consumer Cost Relative to Producer Benefit |
|---|---|---|---|---|---|
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **11,750,000** | No capacity change and no demand change | 0.09 | 0.09 | 0.09 | 1.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 0.79 | -0.30 | 0.31 | 0.78 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 0.90 | 0.89 | 0.89 | 0.90 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 0.96 | 0.96 | 0.95 | 0.96 |
| | 10% capacity reduction & 15% increase demand | 0.94 | 0.90 | 0.91 | 0.94 |
| | 10% capacity reduction & 25% increase demand | 0.98 | 0.96 | 0.97 | 0.97 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **12,250,000** | No capacity change and no demand change | 0.00 | 0.00 | 0.00 | 0.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 0.76 | -0.46 | 0.22 | 0.74 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 0.88 | 0.87 | 0.87 | 0.88 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 0.95 | 0.94 | 0.94 | 0.95 |
| | 10% capacity reduction & 15% increase demand | 0.93 | 0.88 | 0.89 | 0.92 |
| | 10% capacity reduction & 25% increase demand | 0.97 | 0.95 | 0.95 | 0.96 |
| **TRQ(0,20%) with "In quota" volume of** | | | | | |
| **12,750,000** | No capacity change and no demand change | 0.00 | 0.00 | 0.00 | 0.00 |
| | 10% capacity reduction & no demand change (supply-side change only) | 0.74 | -0.61 | 0.14 | 0.70 |
| | No capacity reduction & 15% increase demand (demand-side change only) | 0.86 | 0.85 | 0.85 | 0.86 |
| | No capacity reduction & 25% increase demand (demand-side change only) | 0.94 | 0.93 | 0.93 | 0.93 |
| | 10% capacity reduction & 15% increase demand | 0.92 | 0.86 | 0.87 | 0.91 |
| | 10% capacity reduction & 25% increase demand | 0.96 | 0.94 | 0.94 | 0.95 |